INCOMING TELEGRAM Department of State

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FROM: Accra

TO: Secretary of State

NO: 1328, May 13, 4 p.m. attached

DEPARTMENT OF STATE A/GIS/IR
REVIEWED BY RS DATE 4 MAY 1982
PORTIONS EXCISED AS INDICATED

PRIORITY

EMBTEL 1324.

As GOGHANA official intimated (REFTEL), Nkrumah's unusual appearance before Parliament to announce decision award Volta contract was undoubtedly designed put pressure on USG and World Bank finalize loans before his trip to Moscow.

Embassy has previously suggested USG join Bank in talks with GOGHANA on its general development plans and that loan agreement not be signed until after Moscow trip.

Main point Bank will presumably wish discuss is Ghana's overall fiscal outlook for next few years. Embassy understands Gbedemah gave Bank oral assurances in February that GOGHANA would make honest attempt restrict development expenditures to recommended levels but was unwilling give specific written commitment. Gbedemah's removal as Minister Finance necessitates reiteration this assurance, preferably by Nkrumah himself who under recent government reorganization is now responsible for budget. Bank should also attempt get statement from Nkrumah as to how Ghana plans to budget for development over next five years and how program is to be financed.

In view presumed heavy commitment of USG to insure Valco against political risks Embassy believes US entitled discuss nature these risks with Nkrumah and get assurances

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that actions will not be taken by GOGHANA which would jeopardize Valco investment.

Finally, we might express unhappiness at lack of cordial relations between Ghana and neighbors to East and West. We have always regarded Volta project as part of regional industrial complex in West Africa. Feasibility of project would be enhanced by direct sale of power to Togo and Ivory Coast and its value to Ghana would be greater if Volta power could provide basis for industrial investment to serve regional market. It is difficult to see how these advantages can be gained in present political atmosphere among three countries.

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